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RUEHRO/AMEMBASSY ROME 5264

UNCLAS KABUL 003337

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SENSITIVE

DEPT FOR S/SRAP and SCA/A  
USDA FOR OSEC; FAS/MICHNER AND FCAP

E.O. 12958: N/A

TAGS: [EAGR](#) [EAID](#) [PGOV](#) [AF](#)

SUBJECT: AFGHAN AGRICULTURE MINISTER UPBEAT ON AG SITUATION

¶1. (SBU) SUMMARY: Afghan Minister of Agriculture, Irrigation and Livestock (MAIL) Mohammed Asif Rahimi discussed Afghanistan's better than usual grain harvest and how to handle it, distribution of seeds and other inputs, collaboration with donors, and rural economic development with Coordinating Director for Development and Economic Affairs Ambassador E. Anthony Wayne October 13. (Political aspects of the discussions were reported reftel.)

¶2. (SBU) Specific issues Rahimi also noted included his ministry's efforts to get the word out to Afghan farmers -- and parliamentarians -- about the services MAIL offers at its headquarters and provincial levels. Rahimi asserted the Afghan public sees MAIL positively around the country, particularly regarding the way that it is handling the wheat purchasing campaign, although he noted the need for improved transportation and storage capabilities. He also wants WFP to buy some of the bumper wheat harvest and asked the USG to urge them to do so. The Minister noted his vision of an expanded mechanism for donors to contribute to the Afghan Reconstruction Trust Fund of the World Bank that could subsume a number of smaller redevelopment projects in Afghanistan. The Minister and Ambassador Wayne also discussed the next steps regarding banning Ammonium Nitrate, which insurgents are using to make IEDs; the Minister has already acted to ban use of ammonium nitrate. End summary.

DELIVERING MINISTRY SERVICES  
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¶3. (U) Minister Rahimi plans to invite all 34 provincial agricultural directors to Kabul for a workshop on the national agricultural strategy. He also plans to have the provincial MAIL agricultural directors available to meet with parliamentarians from the areas these directors work in order to discuss services MAIL can provide in those provinces. Some MPs accuse the Ministry of not providing all the services it claims, and Rahimi said the national-level meeting is a chance for the provincial directors to explain the situation. If services are indeed not up to expectations, Rahimi said corrective measures would be taken.

¶4. (U) The Ag Minister also noted the workshop would be an excellent opportunity for the USG and other donors and development partners. Ambassador Wayne added the event could be particularly important to helping energize the districts and building a stronger Afghanistan agricultural team, one that includes the international advisors, as soon as the new government is formed. Rahimi agreed there would be a new impetus once the energy that is now focused on the electoral question can be redirected.

AMMONIUM NITRATE  
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¶5. (SBU) Ambassador Wayne raised the concern that ammonium nitrate is being primarily used as an explosive in IEDs in Afghanistan, not as an agricultural input. Repeating our appreciation for Minister

Rahimi's actions against use of ammonium nitrate, Ambassador Wayne noted Defense Minister Wardak has agreed to convene an inter-ministerial meeting to implement the ban that MAIL had put in place. Rahimi said he had heard from other ministers about the plans to meet. The Minister also noted the October IED explosion near the Indian Embassy in Kabul probably used ammonium nitrate. Ambassador Wayne pointed out other fertilizers (i.e., urea) could be used as well to manufacture homemade explosives (HME), but, according to the Embassy's understanding, doing so requires use of other precursors, namely acids, which should also be monitored for malicious intent. Rahimi quickly noted urea is hugely important for Afghan agriculture and could not be banned or removed from the reach of Afghan farmers.

#### BUMPER WHEAT CROP

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¶16. (U) Regarding the current wheat purchasing campaign, especially given the difficult situation in the southwestern province of Farah, Minister Rahimi noted grain purchases are going well, perhaps unfortunately better than is the unloading and storage. Wheat production in Farah, for example, may be greater than expected with up to 50,000 metric tons in that province alone needing buyers. Ramini pointed out mechanical limitations in the trucking fleet and grain storage facilities prevent them from keeping up with the larger than expected harvest this year. The Minister said MAIL has contracted for 76,000 metric tons of wheat this crop year and over 40,000 tons have been delivered. He added the Ministry of Finance, per a decision reached at the October 12 Cabinet meeting, added \$8.5 million to MAIL's wheat purchasing budget. (Note: depending on the price paid to farmers, this additional funding would allow for purchases of about an additional 30,000 metric tons of wheat. Local MAIL prices have been significantly higher than those the World Food Programme will pay; the WFP prices are loosely based on prevailing world market prices. End note.) Rahimi proudly stated this is the first time in 32 years that Afghanistan's Government has carried out a national wheat purchasing campaign. He reported that this effort has a positive impact on farmers who see the Government doing what it is supposed to be doing.

#### WORLD FOOD PROGRAMME: CAN'T THEY BUY MORE?

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¶17. (U) Minister Rahimi stated while the GIROA is doing what it can to buy more of this season's crop, he would like the USG to urge the World Food Programme (WFP) to buy more as well. According to the Minister, WFP has committed to buying 20,000 metric tons of wheat this year, but he would like them to buy additional quantities. He asked that the USG weigh in with the WFP. Embassy Ag Counselor will follow up with the WFP locally. (Note: the WFP works with the Farah Farmers Union on wheat pricing and purchases. Again, the relatively high prices MAIL offers make the WFP prices seem unattractive. It was also interesting the Minister mentioned that 300,000 metric tons could be taken off the market without negatively affecting the market. End note.)

¶18. (U) The Agricultural Minister stated MAIL could buy the wheat on WFP's behalf, letting WFP pay for it and use MAIL facilities and purchasing mechanisms. The MAIL would run the program through farmer cooperatives that would only charge one percent service charge.

#### SEEDS OF CHANGE?

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¶19. (U) Minister Rahimi also noted MAIL and International Relief and Development (IRD, an implementing partner of USAID) are the major distributors of wheat seed this fall. However, there are political challenges. First, it is important that the face of wheat seed distribution is an Afghan one. Secondly, he said it seems the wheat seed distribution effort will not be able to cover all districts. Rahimi reported he gets phone calls and complaints from governors and parliamentarians that the wheat seed distribution program is not covering everyone. Still, at least some districts in all 34 provinces will get some wheat seed; last year only half the provinces received seed. The Minister continued that seed distribution needs to be sensible and systematic, prioritizing distribution to areas where winter sowing needs to take place now

before soils freeze. He said it is ironic provincial reconstruction teams (PRT) and agribusiness development teams (ADT) supplied seed first to districts that could have waited longer to receive the wheat seed.

#### SYNCHRONICITY? USG WELCOMES IT

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¶10. (U) Ambassador Wayne asked whether MAIL would resume holding donor coordination. Minister Rahimi told said MAIL would indeed restart those meetings once the political landscape becomes settled.

Ambassador Wayne went on to say that it would be particularly useful for the diverse members of the now-functioning USG interagency civil-military agriculture team in Afghanistan to have regular meetings with the Ministry as well, perhaps monthly, to sit together and ensure both parties are fully aware of progress, needs, and plans. He added the USG is ready to sit down and discuss assistance programs in areas like agricultural infrastructure, micro-hydropower and other cross-cutting projects. It will be important to have representatives from all those subsectors present to contribute to the discussion.

¶11. (U) The Minister welcomed this close coordination with the USG agriculture team and agreed to follow up on the idea with his advisors. He also encouraged the U.S. participation at the weekly MAIL activity review meetings held with agricultural project implementers and that more of the USG implementing partners to participate. Ambassador Wayne said he appreciated the opening and would pass the invitation along to the appropriate Embassy offices.

#### BIG PICTURE RURAL FINANCING

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¶12. (U) The Minister's final topic was rural finance. Research and discussion is underway on the topic, the Minister said, but more input is welcome. He added that MAIL has asked the Food and Agriculture Organization (FAO) for an expert in farm credit to join the team of advisors on this project; Rahimi is looking for capitalization of \$150 million with an estimated \$10 million in operating capital. Larger-scale producers and processors would be eligible for this new instrument, according to Rahimi.

¶13. (U) The Minister also said MAIL is working with the World Bank on a sector-wide umbrella scheme that would eventually subsume smaller projects. The foci of such a program would be irrigation, input supply chains, and markets. Having it under the World Bank (Afghan Reconstruction Trust Fund or ARTF) would allow for easier donor participation and coordination.

#### LEGITIMATE CLAIMS ON ACCOMPLISHMENTS

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¶14. (SBU) Ambassador Wayne also thanked the Minister for MAIL's contribution to the District Services Development Working Group (DDWG) process, noting the MAIL proposal stood out by articulating the services and the modalities for delivery. He added the U.S. hopes to have successful pilot projects at the district level starting in targeted areas. Minister Rahimi replied he thought his ministry's proposal was well thought out and touched on extension, integrated pest management, irrigation, and livestock health programs. He also said the MAIL proposal would be easy to implement. Ambassador Wayne commended MAIL for looking at the process in the proper light and for building the legitimacy of the service system -- not trying to claim legitimacy by merely building hard structures. It will take time, Rahimi said, but it will be worth it in the long run. The important thing is that the work is done by Afghans on the Afghan time line, something that could make it a measure of legitimacy and of a functioning government.

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